

## REMARKS

### I. Status of the Application

Claims 1-13 and 15-22 are pending in this application. In the November 22, 2004 office action, the Examiner:

A. Objected to the Oath/Declaration as allegedly having not been signed by Todd O. Perry;

B. Objected to claims 1 and 17 for alleged informalities;

C. Rejected claims 1-22 under 35 U.S.C. § 101 as allegedly failing to be directed to statutory subject matter;

D. Rejected claims 1, 3, 6-11 and 16-22 under 35 U.S.C. § 102(b) as allegedly being anticipated by U.S. Patent No. 5,809,484 to Mottola (hereinafter “Mottola”); and

E. Rejected claims 2, 4-5, 12, 13 and 15 under 35 U.S.C. § 103(a) as allegedly being obvious over Mottola in view of DeBellis, Matthew A., et al. *Elevator Pitch*, Red Herring the Business of Technology (February 9, 2001, at p.4) (hereinafter “the Red Herring Article”).

In this response, claims 1, 8 and 17 have been amended to further particularly point out and distinctly claim the inventive subject matter. Claims 20-22 have been canceled, without prejudice, and new claims 23-25 have been added. Applicants respectfully traverse the rejections of claims 1-13 and 15-19 in view of the foregoing amendments and the following remarks.

II. The Declaration Filed December 21, 2001 Was Signed by Todd O. Perry

The Examiner alleged that the Declaration on file was not signed by the inventor Todd O. Perry. It is respectfully submitted, however, that the Declaration as filed on December 21, 2001 was signed by Todd O. Perry. Regardless, a copy of the Declaration filed on December 21, 2001 is provided herewith. Accordingly, it is respectfully submitted that the requirement of a Declaration signed by Todd O. Perry is satisfied by this filing.

III. The Objection to Claim 1 is Moot

The Examiner objected to claim 1 because of an informality. In the objection, the Examiner suggested an amendment that would address the informality. Claim 1 has been amended as suggested by the Examiner. Accordingly, it is respectfully submitted that the objection to claim 1 is moot and should be withdrawn.

IV. The Objection to Claim 17 is Moot

The Examiner objected to claim 17 because "it is unclear what an 'input' is". The Examiner required correction. In this amendment, claim 17 has been amended to recite an input *device*, instead of merely an *input*. Claim 17 has also been amended to recite that the input device is coupled to the processing device. Accordingly, the claim has been amended to clearly claim an input device, which is well known in the art.

Moreover, the specification as filed provided a description of an input that is consistent with that term as it is used by those of ordinary skill in the art. The specification teaches an exemplary input 14 of Fig. 1.

The input 14 is a device that provides information to the processor 12. The input 14 may suitably be a user interface input such as a keyboard, a mouse, or other device. The input 14 may also be a communications input such as a modem, network interface, or the like.

(Specification at p.6, lines 1-4)

It is respectfully submitted that those of ordinary skill in the art would readily be able to determine those elements that constitute input devices in accordance with the normal usage of that term and the exemplary embodiment described in the specification. Accordingly, it is respectfully submitted that objection to claim 17 should be withdrawn.

V. Claims 1-7 Are Directed to Statutory Subject Matter

Claims 1-7 stand rejected as allegedly being directed to non-statutory subject matter. In particular, the Examiner stated that these claims “lack any recitation of technology in the body of the claims, which is required in order to meet the statutory requirements.” (November 22, 2004 office action at p.3).

Claim 1 has been substantially amended to include a step in which a first processing circuit to defines an asset value based on the prospective income of the performer. The processing circuit is shown, by way of non-limiting example, in Figs. 1 and 5. The amendments to claim 1 are clearly supported by the application as filed at pages 5-6 and 20. Pages 5 and 6 describe an exemplary embodiment of a processing apparatus 10 that includes a processing circuit 12, a memory 18 for providing program instructions to the processing circuit 12, and an input 14 for receiving input used by the processing circuit 12. Page 20 teaches that the processing apparatus 10 may be used to carry out the analysis and valuation steps that are used to develop the security value.

Claim 1 therefore recites technology in the form of, among other things, the first processing circuit. Although applicant respectfully traverses the application of the ruling of *Ex parte Bowman* in this case or in any case, it is respectfully submitted that claim 1 now recites sufficient amounts of technology in the body of the claim to satisfy the *Ex parte Bowman* standard. Thus, even under the Examiner's application of *Ex parte Bowman*, claim 1 recites statutory subject matter.

Claims 2-7 all depend directly or indirectly from claim 1. Accordingly, claims 2-7 all incorporate all of the limitations of claim 1. Because claim 1 recites sufficient technology to constitute statutory subject matter under *Ex parte Bowman*, claims 2-7, which include all of those recitations of technology, also constitute statutory subject matter.

For the foregoing reasons, among others, it is respectfully submitted that the rejection of claims 1-7 under 35 U.S.C. §101 is moot and should be withdrawn.

VI. Claims 8-13 and 15-16 Are Directed to Statutory Subject Matter

Claims 8-13 and 15-16 also stand rejected as allegedly being directed to non-statutory subject matter. As with claims 1-7, the Examiner stated that claims 8-13 and 15-16 "lack any recitation of technology in the body of the claims, which is required in order to meet the statutory requirements." (November 22, 2004 office action at p.3).

Claim 8 has been amended to include a recitation of selling a security via bids received from a plurality of processing circuits. The amendments are clearly supported by the application as filed at pages 5-6 and 16. Thus, even under the Examiner's application of *Ex parte Bowman*, claim 8 recites statutory subject matter.

Claims 9-13 and 15-16 all depend directly or indirectly from claim 8.

Accordingly, claims 9-13 and 15-16 all incorporate all of the limitations of claim 8.

Because claim 8 recites sufficient technology to constitute statutory subject matter under *Ex parte Bowman*, claims 9-13 and 15-16 which include all of those recitations of technology also constitute statutory subject matter.

For the foregoing reasons, among others, it is respectfully submitted that the rejection of claims 8-13 and 15-16 under 35 U.S.C. §101 is moot and should be withdrawn.

VII. Claims 17-19 Recite Statutory Subject Matter

Claims 17-19 also stand rejected as allegedly being directed to non-statutory subject matter. Claim 17, as originally filed, was directed to an apparatus that included a processing device and an input. Claims 18 and 19 depend from claim 17.

Although claims 17-19, as filed, recite an apparatus having a processing *device* as well as an input, the Examiner rejected those claims as allegedly being directed to non-statutory subject matter. The Examiner acknowledged the recitation of processor device and input, but stated that the overall apparatus “is not clearly defined as a computer apparatus, and the ‘input’ and ‘processing device’ are not clearly defined as being computer oriented”. The Examiner then stated that such elements “can be interpreted as being non-technical in nature and do not satisfy the requirements under 35 U.S.C. 101”.

Applicants respectfully disagree. First, there is no requirement that an apparatus must be a “computer apparatus” in order to constitute statutory subject matter. Second, there is no requirement that a processing device must be “computer-oriented” to

constitute “technology” under *Ex parte Bowman*. Technology is not limited to computer elements. Third, it is unclear how a processing device could ever be interpreted as being “non-technical in nature”. Claim 17, as filed and as amended, clearly constituted statutory subject matter.

For the above described reasons, it is respectfully submitted that the 35 U.S.C. §101 rejections of claims 17-19 should be withdrawn.

#### VIII. The Anticipation Rejection of Claim 1 is in Error

In the November 22, 2004 office action, the Examiner alleged that claim 1 was anticipated by Mottola. For reasons discussed below in detail, it is respectfully submitted that Mottola fails to teach or disclose each and every element of claim 1, as amended.

##### A. The Present Invention

Claim 1, as amended, is directed to a method of creating a tradable security based on the prospective income of a performer. The method includes employing a first processing circuit to define an asset value based on the prospective income of the performer, the tradable security having a value based on the asset value. The method also includes obtaining an agreement from the performer to create a repayment obligation based on a portion of an income stream that corresponds to the asset value, and creating a first account. The method further includes receiving payments towards the repayment obligation into the first account. As amended, the method also includes receiving from at least one remote processing circuit at least one bid for purchase of the tradable security.

Thus, the security instrument is created based on the prospective income of a performer. The performer has a repayment obligation that creates value for the security instrument, and funds are transferred to a first account to in accordance with such repayment obligation. A remote processing circuit provides at least one bid for the tradable security instrument. As a consequence, the security instrument is created, it is backed by the repayment obligation, and it is traded.

B. Mottola

Mottola is directed to method for administering a plan for funding investments in education. The education investment plan includes a unit investment trust for financing the educations of a predetermined number of students in preselected fields of study. The method allows investors to invest in students' future income streams to be earned upon graduation. Prospective investors are given projected incomes for particular professions and schools for a particular offering. Investors may then participate in the offering until a pool of money is raised. Thereafter, student investees are selected to participate by pledging portions of future income against the money raised by the offering. The money raised by the offering is used to pay for the students' education.

C. Mottola Fails to Disclose a Tradable Security Instrument

Mottola does not teach or suggest a step of receiving at least one bid for the purchase of a security instrument, nor does Mottola employ a tradable security instrument. Instead, Mottola teaches that "offering documents" are provided to investors, and those who decide to invest are entered into the system. No bidding is involved. (See

Mottola at col. 13, lines 7-51). Mottola does not appear to disclose or suggest the possibility of either an initial auction system, nor a secondary market. Accordingly, Mottola does not disclose a “tradable security instrument”, and certainly does not disclose “receiving . . . at least one bid” as called for in claim 1.

The Examiner appears to only cite one passage in Mottola as possibly teaching a “*tradable* security”. and that passage is located at col. 3, lines 40-57. (See November 22, 2004 office action at pp.4, 5). However, column 3, lines 40-57 of Mottola do not mention or suggest that shareholders or investors may *trade* their investments. As a consequence, it is submitted that Mottola fails to teach or suggest a tradable security instrument as claimed, and certainly fails to teach or suggest a step of “receiving . . . at least one bid” as claimed in claim 1.

Accordingly, for at least these reasons, it is respectfully submitted that the rejection of claim 1 over Mottola is in error and should be withdrawn.

IX. Claims 3, 6 and 7

Claims 3, 6 and 7 also stand rejected as allegedly being anticipated by Mottola. Claims 3, 6 and 7 depend from and incorporate all of the limitations of claim 1. Accordingly, for at least the same reasons as those set forth above in connection with claim 1, it is respectfully submitted that the rejection of claims 3, 6 and 7 over Mottola should be withdrawn.



X. Claims 2, 4 and 5

Claims 2, 4 and 5 stand rejected as alleged being obvious over Mottola in view of the Red Herring Article. The Examiner cited the Red Herring Article as providing the teaching related the use the Mottola system/method in connection with income from professional sports.

The Examiner does not allege, however, that one would be motivated to modify Mottola to make the investment a “tradable asset”. Accordingly, the combination of the Red Herring Article with Mottola *as proposed by the Examiner* does not cure the deficiencies of Mottola with respect to the limitations of claim 1. Accordingly, it is respectfully submitted that the rejection of claims 2, 4 and 5 over Mottola and the Red Herring Article should be withdrawn for at least the reasons set forth above in connection with claim 1.

A. No Motivation or Suggestion to Combine

In addition to the reasons related to claim 1, claims 2, 4 and 5 are not obvious because there is no legally sufficient motivation or suggestion to combine Mottola with the Red Herring Article as proposed by the Examiner.

1. Professional Athletes Do Not  
Require Private Educational Investment

The overriding purpose of Mottola is to fund education for individuals that are likely to be able to repay the investment in their education after graduation. (See Mottola at cols. 1 and 2). Such a goal is *not* advanced by selling rights in the future income of professional athletes. In particular, it is common knowledge that athletes that are deemed

to be of professional caliber will normally be provided athletic scholarships by their universities. As a consequence, there is no need for private investor funding of student athletes. In addition, it is questionable as to whether athletes require a college education at all to carry out their athletic profession. Finally, there is a very good chance that private funding of student athletes could violate collegiate sport rules and result in disqualification of the student athlete.

Accordingly, there simply is no need to generate a trust fund to invest in the tuition costs of professional-caliber athletes. As a consequence, there is no motivation or suggestion to use the college education funding method and apparatus of Mottola to sell future income streams of professional athletes.

## 2. Mottola and the Red Herring Article Use Different Investments

The Red Herring Article plainly teaches a desire to offer securities that trade on a national exchange. Mottola does *not* teach the generation of a security that trades at all, much less on a national exchange. Mottola teaches a private investment method, and does not provide for trading of the investment on an exchange. One of ordinary skill in the art would not be motivated to adapt Mottola to professional athletes because of the Red Herring Article because Mottola teaches away from the goal of the Red Herring Article to offer securities that trade on a national exchange.

3. No Motivation or Suggestion

Accordingly, for multiple reasons set of forth above, there is no motivation or suggestion to combine Mottola with the Red Herring Article. The motivation of Mottola for providing the education funding is inapplicable to professional athletes. Moreover, the motivation of the Red Herring Article to provide tradable securities on a national exchange is not satisfied by Mottola.

B. Conclusion as to Claims 2, 4 and 5

Accordingly, for multiple reasons, it is respectfully submitted that the rejection of claims 2, 4 and 5 is in error and should be withdrawn. First, the combination of Mottola and the Red Herring Article as proposed by the Examiner does not arrive at the invention of claims 2, 4 and 5; and second, there is no legally sufficient motivation or suggestion to combine Mottola and the Red Herring Article as proposed by the Examiner.

XI. Claim 8

Claim 8 stands rejected as allegedly being anticipated by Mottola. Claim 8 is directed to a method that includes a step of obtaining an agreement from a performer to create a repayment obligation based on a portion of a prospective income stream of the performer, the portion of the prospective income stream including service-based income. The method also includes selling a security via bids received from a plurality of processing circuits, the security having a value based on a value of the repayment obligation.

Thus, claim 8 as amended also recites the use of bids to sell the security. As discussed above in connection with claim 1, Mottola does not teach or suggest a bidding system, much less an automated bidding system where bids are received from a plurality of processing circuits.

As a consequence, it is respectfully submitted that claim 8, as amended, is allowable over the prior art.

XII. Claims 9-11 and 16

Claims 9-11 and 16 also stand rejected as allegedly being anticipated by Mottola. Claims 9-11 and 16 depend from and incorporate all of the limitations of claim 8. Accordingly, for at least the same reasons as those set forth above in connection with claim 8, it is respectfully submitted that the rejection of claims 9-11 and 16 over Mottola should be withdrawn.

XIII. Claims 12, 13 and 15

Claims 12, 13 and 15 stand rejected as allegedly being obvious over Mottola in view of the Red Herring Article. The Examiner's justification for combining Mottola and the Red Herring Article in the rejection of claims 12, 13 and 15 is identical to that provided for claims 2, 4 and 5. (November 22, 2004 office action at pp.7). As discussed above in connection with claims 2, 4 and 5, there is no legally sufficient motivation or suggestion to combine Mottola and the Red Herring Article as proposed by the Examiner. Accordingly, it is respectfully submitted that the rejection of claims 12, 13 and 15 over Mottola and the Red Herring Article should be withdrawn.

XIV. Claim 17

Claim 17 stands rejected as allegedly being anticipated by Mottola. Claim 17, like claim 1, recites a “tradable security instrument”. As discussed above in connection with claim 1, Mottola does not teach or suggest a tradable security instrument because it does not teach or suggest trading of the investments. Accordingly, for at least this reason, it is respectfully submitted that the rejection of claim 17 over Mottola is in error and should be withdrawn.

XV. Claims 18 and 19

Claims 18 and 19 also stand rejected as allegedly being anticipated by Mottola. Claims 18 and 19 depend from and incorporate all of the limitations of claim 17. Accordingly, for at least the same reasons as those set forth above in connection with claim 17, it is respectfully submitted that the rejection of claims 18 and 19 over Mottola should be withdrawn.

XVI. Claims 23-25

New claims 23-25 are directed to a system that includes a processing device similar to the processing device of claim 17 as originally filed. Claims 23-25 also recite a first processing circuit that receives a plurality of bids from a plurality of remote processors. For at least the same reasons as those set forth above in connection with claim 1, it is respectfully submitted that claims 23-25 are allowable over the prior art.

XVII. Conclusion

For all of the foregoing reasons, it is respectfully submitted the applicants have made a patentable contribution to the art. Favorable reconsideration and allowance of this application is, therefore, respectfully requested.

Respectfully Submitted,

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A handwritten signature in black ink, appearing to read 'H. C. Moore', written over the firm name.

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Enclosures